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Canada's New Government Cancels All Debt Owed by Cameroon

The Honourable Jim Flaherty, Minister of Finance, today announced the Government of Canada will forgive $221 million in debt owed by the Republic of Cameroon, a central African nation with a population of approximately 17 million.

"The debt payments of the world's poorest countries deprive them of hope, by denying them the opportunity to invest in their own potential," said Minister Flaherty. "By wiping the slate clean, today's announcement will enable Cameroon to focus on today's priorities, not yesterday's obligations."

Since 1999, Cameroon has reduced its annual debt payments by 35 per cent. At the same time, thanks to debt savings and higher growth, the country's spending on social priorities such as health and education has risen dramatically—by more than 120 per cent to $320 million annually.

Cameroon is the 12th country to meet all of the debt relief requirements under the Canadian Debt Initiative, which will forgive more than $1.1 billion once all eligible countries have completed the process. This decision follows Cameroon's recent advances in economic reform, particularly in combating corruption and improving budgetary planning and implementation.

Cameroon is also eligible for debt relief under the Multilateral Debt Relief Initiative (MDRI), which will eliminate an additional US$1.3 billion in debts owed to the World Bank and other multilateral creditors. Canada was instrumental in the creation of the MDRI that, in total, will erase over US$50 billion in debts owed by the world's poorest countries to multilateral creditors.

Today's announcement is just one aspect of the commitment by Canada's new government to provide genuine assistance for the world's poor. As outlined in Budget 2006, the Government is committed to double international assistance from 2001-02 levels by 2010-11. Budget 2006 also provided a further $320 million to support such initiatives as the Global Fund to Fight AIDS, Tuberculosis and Malaria and the Global Polio Eradication Initiative.

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